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June 1, 2004

VIA COURIER AND ELECTRONIC MAIL

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Second Floor
Boston, MA 02110

Re: D.T.E. 01-68

Dear Secretary Cottrell:

Please find enclosed one (1) original and eight (8) copies of the June 2004 Quarterly Report of Massachusetts Electric Company and Nantucket Electric Company in the above-captioned docket. Thank you very much for your time and attention to this matter.

Very truly yours,

Judy Y. Lee

cc: Service List

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Massachusetts Electric Company
and
Nantucket Electric Company

June 2004
Quarterly Report

June 1, 2004

Submitted to:
Massachusetts Department of
Telecommunications and Energy
D.T.E. 01-68

Submitted by:

Massachusetts Electric

A **National Grid** Company



Nantucket Electric

A **National Grid** Company



I. Introduction

At the end of the summer of 2001, the Department asked all Massachusetts utilities, including Massachusetts Electric Company (“MECO”) and Nantucket Electric Company (together, the “Company”), to undertake a critical self-assessment of their ability to provide reliable distribution service to their customers. On October 29, 2001, the Company filed a comprehensive ten volume response (“Reliability Report”), which gave detailed information about the various factors that contribute to the Company’s provision of reliable distribution service: growth forecasting; communication and notification procedures during outages; use of emergency generators and other equipment; personnel staffing and deployment during outages; weather forecasting; and maintenance and design of the distribution system. In the Reliability Report, the Company also analyzed its performance during the summer of 2001 and identified concrete steps that it was taking to improve future reliability. On March 22, 2002, the Department issued an order (“March 22nd Order”) on the Company’s Reliability Report, directing the Company to address several suggestions for improving each of the various factors, report on several follow-up items, and provide the Department with a report assessing the Company’s expected ability to respond adequately during the summer of 2002. The March 22nd Order also required the Company to make annual and quarterly reports for the following two years regarding certain reliability factors. On June 7, 2002, the Company filed its Compliance Filing and Report on Summer 2002 Readiness (“June 2002 Report”), and has since made filings each quarter, most recently in March of 2004 (“March 2004 Report”). This filing is the Company’s final compliance filing required by the Department’s order in this docket.

II. Discussion

For each of the quarterly reports, the Department has requested information from the Company regarding the use of emergency generators and other equipment; personnel staffing and deployment, including employee hiring and training and emergency assistance resource sharing; and maintenance and design, including tree trimming and pole replacement activities. This report provides an update to the Department from the March 2004 Report.

A. Use of Emergency Generators and Other Equipment

As described in earlier reports, the Company has contracted and established deployment procedures for three emergency generator units to be used during emergency conditions. Each individual emergency generator unit is a two-megawatt trailer-mounted, diesel engine. There was no new activity involving these three emergency generator units and their deployment during this period.

The Company has also leased four additional two-megawatt trailer-mounted, diesel engine emergency generator units to be used during emergency conditions. Thus, the Company now has a total of fourteen megawatts of portable emergency generation. The Company has designed a contingency plan around these four additional emergency generator units to supplement its current interim back-up plan. This contingency plan provides for the expedited connection of the four additional emergency generator units to the Company's distribution system for the purpose of mitigating, if necessary, the impact of prolonged outages caused by the failure of existing power cables in the Cape Ann area. There was no new activity involving these four emergency generator units and their deployment during this period.

B. Personnel Staffing and Deployment

The Department has directed the Company to provide information on the Company's progress with respect to the hiring and training of 125 engineering and physical workers and the Company's emergency resource assistance sharing activities.

1. Employee Hiring and Training

The June 2002 Report detailed the anticipated hiring and training of 125 engineering and physical workers in New England. As described in the December 2003 Report, the Company's reporting obligations with respect to this reporting requirement are complete.

2. Emergency Assistance Resource Sharing

The Company's emergency assistance resource sharing policy remains as described in the Reliability Report. Since the filing of the March 2004 Report, neither the Company nor its affiliates experienced any major storm emergencies, and therefore, the Company did not engage in any emergency assistance resource sharing.

C. Maintenance and Design

With regard to maintenance and design, the Department has asked for a report on tree trimming activities, including procedures, schedules, and a description of the cooperation by and coordination with communities. The Department has also requested quarterly information on pole replacement activities, including procedures for surveying poles and working with other utilities in this process, with particular attention paid to addressing the root cause of the excessive proliferation of doubled poles through improved coordination with owners and lessees of poles and the systematic removal of such doubled poles. The Company's tree trimming and pole replacement activities are described below.

1. Tree Trimming

The Company's tree trimming procedures and circuit-based trimming program remain as described in the March 2004 Report. The Company's tree trimming staff and process for coordinating with communities remain as described in the June 2002 Report.

The Company is conducting its tree trimming activities under the umbrella of its Distribution Forestry Program ("Forestry Program"), which is part of the Company's Construction and Maintenance Department. The Forestry Program replaces the New England Distribution Vegetation Management Program described in previous reports, but the Forestry Program is identical in function to the previous program. To that end, the Forestry Program is designed to prioritize tree trimming activities on a feeder reliability analysis basis (*i.e.* tree trimming takes place where the greatest gains in feeder reliability will be realized). The Company trimmed 964 miles¹ from January to March 2004, representing a 50.8 percent increase in miles trimmed as compared with the previous quarter. The large increase in miles trimmed for the first quarter of 2004, which coincides with the Company's final quarter of its fiscal year, is due to the completion of a number of lump sum trimming projects during the quarter.² For the Company's fiscal year 2004, which ran from April 2003 to March 2004, the Company exceeded its goal of 2,478 miles trimmed by 346 miles, completing a total of 2,824 miles. The following table shows the Company's tree trimming mileage attainments for the previous four quarters:

¹ All miles reported in this section refer to trimmed miles (*i.e.* actual miles of trees trimmed), as opposed to linear distance miles. A trimmed mile converts to 1.27 linear miles.

² The lump sum trimming projects, the details of which were most recently provided in the March 2004 Report, began in the fourth quarter of 2003.

Massachusetts Electric Company (MECO) and Nantucket Electric Company (NECO) Distribution Forestry Program					
MILES OF TRIMMABLE CIRCUITS MAINTAINED IN FISCAL YEAR 2004 BY QUARTER					
DISTRICT/DIVISION	2 nd QUARTER 04/01/03 TO 06/30/03	3 rd QUARTER 07/01/03 TO 09/30/03	4 th QUARTER 10/01/03 TO 12/31/03	1 st QUARTER 01/01/04 TO 03/31/04	TOTAL YEAR TO DATE
	ATTAINED	ATTAINED	ATTAINED	ATTAINED	ATTAINED
NORTHSHORE	47.00	46.00	57.00	92.00	242.00
MERRIMACK VALLEY	171.00	106.00	100.00	212.00	589.00
BAY STATE NORTH	218.00	152.00	157.00	304.00	831.00
SOUTH SHORE	65.00	55.00	99.00	65.00	284.00
SOUTHEAST	87.00	95.00	102.00	221.00	505.00
BAY STATE SOUTH	152.00	150.00	201.00	286.00	789.00
CENTRAL	107.00	100.00	126.00	80.00	413.00
MONSON / SPENCER	93.00	83.00	59.00	110.00	345.00
WESTERN	98.00	68.00	96.00	184.00	446.00
BAY STATE WEST	298.00	251.00	281.00	374.00	1204.00
MECO / NECO TOTAL	668.00	553.00	639.00	964.00	2824.00

2. Pole Replacement Activities

As reported earlier, a common database for the purpose of tracking doubled pole locations and transfer status for each company attached to these poles, notifying these attaching companies of their obligations via e-mail, and providing reporting and management tools has been implemented with other pole owners in Massachusetts, including Verizon, NStar, Western Massachusetts Electric Company, and Fitchburg Gas & Electric Company. The Pole Lifecycle Management (“PLM”) System is in service, and is now being used to track new doubled poles as they are set by either the Company or Verizon.

As of May 2004, as reported by PLM, approximately 9,958 doubled poles exist in the Company's system.³ Of these 9,958 doubled poles, 858 are ready for removal by the Company and 1,794 are ready for the Company to transfer its facilities. These numbers represent a decrease of over seven percent in the number of doubled poles (811 poles) in the Company's service territory and a decrease of over eight percent in the number of poles (243 poles) awaiting action by the Company, as compared to the February 2004 numbers reported in the Company's March 2004 Report. During this reporting period, the Company worked closely with municipalities and cable television operators to coordinate the completion of their facilities transfers. The number of poles awaiting the transfer of municipal fire alarm systems or cables during this period was reduced from 2,945 to 2,193, representing a reduction of 752 poles or just over 25 percent. During the three-month period from February to May, approximately 1,200 doubled poles were set and approximately 2,000 doubled poles were removed.

The Company is working to address the doubled pole issue, as described more fully in its report to the Department in D.T.E. 03-87. The Company is currently using contractors to remove the poles that are ready for removal by the Company. This pole removal contract covers work on the existing backlog of poles ready for removal, as well as the work on the poles that become ready for removal in the future. In addition, the Company is currently using contractors for some of its pole transfers. Similar to the pole removal contract, the pole transfer contract covers work on the existing backlog of poles ready for transfer, as well as the work on the poles that become ready for transfer in the future. The Company will continue to provide the Department with updates on the PLM application and the anticipated reduction in doubled poles in its next semiannual compliance report, as required by the Department's report to the Legislature in D.T.E. 03-87.

³ These numbers are subject to confirmation with Verizon.

III. Conclusion

This filing completes the Company's reporting obligations required by the Department, as set forth in the Department's March 22nd Order.